

Wealth

Strip Mall Owner Accused of Using Investor Cash for Private Jets

Lawsuit alleges Arciterra's Jonathan Larmore funneled money into his lavish lifestyle.

By Patrick Clark

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Investors in a shopping center near St. Louis accused property owner Arciterra Cos. and its founder, Jonathan Larmore, of misusing cash to fund a lavish lifestyle that included about a dozen personal residences and two private jets.

Arciterra owns more than 80 properties including real estate in Midwestern US cities such as Indianapolis and Tulsa, Oklahoma, according to its website. A federal lawsuit alleges none of the more than 2,000 investors in Arciterra offerings have received payments since 2019, and that the firm is aiming to “wait out” elderly investors who may die or give up on the hope of recovering their money.



Belleville Crossing in St. Clair County, Illinois. Source: Google Maps

The suit filed Saturday focuses on alleged mismanagement of a property called Belleville Crossing in St. Clair County, Illinois – about 15 miles (24 kilometers) from St. Louis. It was among the assets acquired over the past decade or so through more than 19 investment offerings by Arciterra, which has raised about \$187 million, according to the lawsuit.

Larmore declined to comment on specific allegations.

“I will let the truth come out,” he said in a text message.

Arciterra is facing litigation on other fronts. In recent weeks, the firm has seen new lawsuits from construction companies, a commercial cleaner and the city of Milwaukee. It defaulted on a handful of properties, according to a lawsuit filed on May 22 by First Guaranty Bank.

Larmore is also in the middle of a divorce. His wife, Michelle, asked an Arizona court to prevent her husband from selling off marital assets. In an April filing, she stated that the couple had amassed roughly \$50 million in assets,

including interests in limited liability companies, jewelry and luxury automobiles. The filing also notes that “there appears to be some sort of SEC investigation in process, potentially against the entities or Jon.”

The Securities and Exchange Commission didn’t respond to a request for comment.

Companies such as Arciterra operate in an often overlooked corner of the US market, but the amount of money funneled into private placements is huge.

In 2019, investment managers raised more than \$1.5 trillion from offerings that relied on a popular exemption from oversight – called Regulation D offerings – with a large portion of those issuers coming from the real estate industry, according to a [report](#) from the SEC.

While a decade-long real estate boom lured in more money from investors seeking returns in a low-rate environment, higher borrowing costs have started to expose cracks in certain types of investments. In one recent example, an apartment syndicator called Applesway Investment Group [defaulted](#) on a \$230 million loan, sending 3,200 units into foreclosure.

Arciterra bought the Belleville retail center more than a decade ago, funding the purchase with money from about 175 investors, according to the lawsuit.

The plaintiffs allege that Larmore has used Arciterra to fund expensive purchases, including a Cessna Citation and a Gulfstream G400. He frequently threw parties that cost more than \$100,000, including one to celebrate the birthday of his Boston Terrier, Spike, according to the lawsuit.

At the same time, investors in the Belleville property say that Larmore diverted funds intended for the property maintenance into his family’s coffers, leading to tall weeds, overflowing trash and leaky roofs. Arciterra also failed to renew leases in a timely manner or pay bills for certain utilities and taxes, according to the lawsuit.

County records show that an investor acquired the tax debt on the property in November. Larmore bought an 87-foot (27-meter) Cheoy Lee motor yacht for about \$2.5 million a few weeks later, the lawsuit alleges.

The case is Mason TIC et al v. Larmore et al, [3:23-cv-01785](#), US District Court, Southern District of Illinois.

– *With assistance from Austin Weinstein*

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